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DEPT FOR EUR/AGS, INR/EU, AND EUR/PPD FOR YVETTE SAINT-ANDRE

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SUBJECT: AUSTRIAN MEDIA HIGHLIGHTS: December 01, 2006

Progress in Coalition Talks

1. The SPOe and the OeVP have reached an agreement on the so-called "basic security payments" -- a clear sign of progress in the negotiations between the two parties on the formation of a coalition government, Austrian media say. According to the Social Democrats chief coalition negotiator, the deal envisages monthly payments of up to 726 Euros for some Austrians without pension entitlement, as well as for recipients of unemployment benefits, social welfare or emergency aid payments.

The SPOe-OeVP's agreement on the so-called "basic security payments" is considered a breakthrough in the coalition talks. Applicants will have to fulfill certain conditions, though, ORF online news says: Retirees and unemployed persons do not automatically qualify for the basic security payment, and only people threatened by poverty will have the right to receive the support payments. It is not yet clear, how the payments will be financed, ORF online news adds.

Family Benefits Regulation to Be Axed

2. Following harsh criticism from constitutional experts, the OeVP is now backing demands by the Social Democrats to cancel a regulation introduced by the Social Affairs Ministry earlier this year. Since August, the Ministry has denied family benefits to children of some foreign-born women until they obtain a passport and a visa for the child. Minister for Social Affairs Ursula Haubner, however, is refusing to drop the regulation, stressing that as long as she remains in office, the rule would remain in place.

On ORF Radio early morning news Morgenjournal, commentator Susanne Schnabl quotes Social Affairs Minister Ursula Haubner as emphasizing that the "regulation would remain in force as long as she remained in office. 'I don't see why I should take back the regulation; it is legitimate, because it only includes what's in the alien law package,' Haubner argued, adding that the law was passed in 2005 with the support of the OeVP and the SPOe. The BZOe would therefore stay the course. Issues decided the year before continued to be valid, said the Minister, who said she was surprised about the OeVP's sudden change of course. SPOe boss Alfred Gusenbauer explained he had asked the Interior Minister to call on Haubner to solve the problem. Haubner, however, dismissed the SPOe leader's 'notion he could charge someone to negotiate with me. I am a minister,' (...) and had a right to issue ministerial orders. Haubner also dismissed the alleged 7,000 cases in Austria of families denied benefits as 'exaggerated.' There were some 'isolated cases,' but never that many," reports Morgenjournal.

Croatia to Join EU in 2010?

13. EU Enlargement Commissioner Olli Rehn believes Croatia will be ready to join the EU in 2010. Following a meeting with members of the Croatian government yesterday, Rehn emphasized that "if all conditions are met, Croatia could join the EU by the end of the decade." The country needs to "continue carrying out necessary reforms quickly," particularly in areas including the judiciary and civil service, the Commissioner added.

According to liberal daily Der Standard online, the Enlargement Commissioner, currently in Croatia for a two-day visit, stressed that 2007 would be a "highly important year" for the country: Despite its being an election year, the reform process should continue as quickly as possible, Rehn said. A report on Croatia published by the EU Commission November 8, had "identified a number of problems, which still need to be solved." Rehn also underscored that for Croatia, the key to progress in the EU membership proceedings was in the hands of the country's government, its Parliament and NGOs.

Austria Accused of Appeasing US over CIA Flights

14. Austria's EU Presidency has been accused of appeasing the United States last spring on the issue of CIA overflights.

Austrian Press agency APA writes that a report by the Brussels online service euobserver claims the Austrians tried to overcome US-EU differences about the CIA flights by offering an agreement which would have made secret transports of terrorist suspects possible, evading some of the extradition regulations under international law. Euobserver said that on May 3, there was a meeting between the Austrian EU Presidency and the highest legal advisor to US Secretary of State Condoleezza Rice, John Bellinger. A secret protocol of the meeting allegedly shows the Austrians

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proposed the two sides agree on a framework agreement on common standards in the transport of terrorist suspects. This agreement was to be in line with the relevant international extradition rules "as far as possible". The Vienna Foreign Ministry, while not denying the meeting took place, insisted Thursday there had been no such compromise, dismissing the report as "absurd." Greens MP Peter Pilz meanwhile alleged in independent provincial daily Salzburger Nachrichten on November 30 that the Chancellor, Interior Minister and Transport Minister had helped cover up "CIA affairs" in Austria. There were more than 100 suspected cases of CIA violations of Austrian airspace. Pilz said that MEPs had had to depend on air surveillance data from non-EU member Switzerland because the Austrian data had been kept secret "in the interests of the CIA," the daily adds.

Bush to Decide on Iraq Soon

15. According to US National Security Advisor Stephen Hadley, US President George Bush will decide on America's future Iraq policy soon. A decision will be made within "weeks rather than months," Hadley explained, following a meeting between the US President and Iraqi Premier Nuri Al-Maliki in Amman, Jordan, yesterday. Some Austrian media speculate a gradual US pullout from Iraq could begin next year, after Al-Maliki stressed Thursday that Iraq's forces will be ready to assume security control of the country in June 2007. All Austrian media report on what centrist daily Die Presse on its front page calls the "planned US withdrawal by degrees from Iraq." The daily's Washington correspondent Norbert Rief quotes from the report by the "Iraq Study Group," which recommends that up to 75,000 US soldiers be pulled out of Iraq's more dangerous areas next year. This would put the troops out of harm's way while guaranteeing they remain ready to be deployed if necessary. The report also suggests a reversal of roles from a fighting towards a supporting force: American forces should fight less, and instead focus on assisting the Iraqi security forces. It seems -- Rief notes -- the US operation in Iraq is drawing to a close. Also, with the planned gradual withdrawal, the US wants to increase pressure on the Iraqi government to find a solution to end the sectarian violence. As long as Iraqi Premier Nuri Al-Maliki is under the impression that the US troops would remain in his country anyway, there was no reason for

him to urgently address the problem of security, the Study Group argues. Although the US President emphasized after a meeting with Al-Maliki that American troops would remain in Iraq as long as Baghdad wanted them to, growing political pressure in the US, including from the ranks of the Republican Party, seems to indicate Bush will by and large follow the advice of the Iraq Study Group, Rief concludes.

Lebanese Government Vows to Defy Protests

16. Lebanese Prime Minister Fouad Siniora has said his government will not be brought down by mass protests planned by pro-Syrian opposition groups. Speaking live on national television, Siniora said his government "will not allow any coup against our democratic system." His remarks came ahead of a huge anti-government demonstration today called by Hezbollah and its allies. Tensions in Lebanon have soared since a leading anti-Syrian minister was killed and pro-Syrian MPs quit the cabinet.

Ahead of the announced mass demonstrations staged by the Lebanese opposition against the government of Premier Siniora, the country's army, backed by tanks and armored vehicles, has taken up positions in several areas of the capital Beirut, ORF online news writes. Among others, the leader of the radical Shiite Hezbollah, Hassan Nasrallah, had called on people to join the protests aimed at bringing about the formation of a new unity government.

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